

ESTIMATED COST OF 1% RATE INCREASE FISCAL YEAR 2006-07

SERVICE CATEGORY	ESTIMATE WITHOUT RATE INCREASE	ADJUSTMENT FACTOR (1)	FULL YEAR COST FOR EACH 1% RATE INCREASE		ASSUMING AUG. 2006 IMPLEMENTATION			
			TOTAL	STATE	11 MONTH ADJUSTMENT	PAYMENT LAG (2)	LAGGED COST FOR EACH 1% RATE INCREASE	
							TOTAL	STATE
PHYSICIANS	\$1,109,833,400	0.9660	\$10,720,990	\$5,470,760	0.9167	0.7910	\$7,773,440	\$3,966,670
OTHER MEDICAL	\$1,627,697,430	0.9760	\$15,886,330	\$8,067,060	0.9167	0.8364	\$12,180,720	\$6,185,350
COUNTY OUTPATIENT	\$75,019,100	0.9600	\$720,180	\$365,970	0.9167	0.7836	\$517,320	\$262,880
COMMUNITY OUTPATIENT	\$457,070,870	0.9100	\$4,159,340	\$2,102,950	0.9167	0.7972	\$3,039,670	\$1,536,850
PHARMACY	\$1,826,348,170	0.0793	\$1,449,020	\$764,840	0.9167	0.9404	\$1,249,070	\$659,300
COUNTY INPATIENT	\$524,749,780	1.0000	N/A	N/A	0.9167	0.6400	N/A	N/A
COMMUNITY INPATIENT	\$3,238,367,980	1.0000	N/A	N/A	0.9167	0.7609	N/A	N/A
NURSING FACILITIES	\$3,827,282,130	1.1578	\$44,311,890	\$22,685,170	0.9167	0.8840	\$35,906,750	\$18,382,220
ICF-DD	\$418,798,320	1.1578	\$4,848,810	\$2,464,380	0.9167	0.8839	\$3,928,770	\$1,996,780
MEDICAL TRANSPORTATION	\$138,116,170	0.9660	\$1,334,200	\$687,490	0.9167	0.8270	\$1,011,500	\$521,210
OTHER SERVICES	\$1,073,301,630	0.9540	\$10,239,300	\$4,451,210	0.9167	0.8353	\$7,840,010	\$3,408,200
HOME HEALTH	\$183,266,750	0.9800	\$1,796,010	\$911,900	0.9167	0.8120	\$1,336,890	\$678,780
DENTAL	\$563,376,180	0.9990	\$5,628,130	\$2,719,380	0.9167	1.0000	\$5,159,120	\$2,492,770
MENTAL HEALTH	\$1,428,454,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
TWO PLAN MODEL	\$3,345,649,000	1.0000	\$33,456,490	\$17,119,850	0.9167	1.0000	\$30,668,450	\$15,693,190
COUNTY ORGANIZED HEALTH SYSTEMS	\$1,531,181,000	1.0000	\$15,311,810	\$7,766,850	0.9167	1.0000	\$14,035,830	\$7,119,610
GEOGRAPHIC MANAGED CARE	\$480,614,550	1.0000	\$4,806,150	\$2,418,120	0.9167	1.0000	\$4,405,630	\$2,216,610
PHP & OTHER MANAG. CARE	\$338,420,620	1.0000	\$3,384,210	\$1,703,320	0.9167	1.0000	\$3,102,190	\$1,561,380
AUDITS/ LAWSUITS	\$2,865,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
EPSDT SCREENS	\$70,456,000	1.0000	\$704,560	\$359,380	0.9167	1.0000	\$645,850	\$329,430
MEDICARE PAYMENTS (4)	\$3,274,385,000	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
STATE HOSP./DEVELOPMENTAL CNTRS.	\$313,369,000	0.9782	\$3,065,340	\$0	0.9167	1.0000	\$2,809,900	\$0
MISC. SERVICES	\$2,721,235,000	1.0000	\$27,212,350	\$105,620	0.9167	1.0000	\$24,944,650	\$96,820
RECOVERIES	-\$262,013,710	1.0000	N/A	N/A	0.9167	1.0000	N/A	N/A
TOTAL	\$28,307,843,380		\$189,035,110	\$80,164,240 (3)			\$160,555,740	\$67,108,030

(1) Reflects adjustment for services not affected by rate increases due to Medicare crossover and unlisted procedures.
 Adjustment factor for Dental services due primarily to prior year reconciliations.
 Adjustment factor for SNF & ICF services compensates for the impact of shares of cost on average payments.
 Adjustment factor for Pharmacy includes an adjustment for the dispensing fee only.

(2) Reflects adjustment for the lag between actual rendering of service and payment for that service.

(3) Excludes service categories noted above with N/A and all policy changes excluded from Cost/Eligible report.

(4) Medicare Payments cost increase included as base adjustment.